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ABSTRACT

A study was conducted to assess the impact of federal and state assistance, regulations, and requirements on Roosevelt University, Chicago. By means of a survey questionnaire and interviews, the University's vice presidents and other senior administrators were asked to estimate the amount of time and money spent by the school to comply with federal rules, regulations, and guidelines. The University's participation in federally-supported projects and activities and the historical background, mission, and profile of the school are discussed. Excluding student aid, government support of the univeristy constitutes about 6 percent of the operating budget; about half this amount comes from the state, primarily in the form of a direct assistance grant. Compliance with government regulations and guidelines is conservatively estimated to cost the university about $250,000, or 2 percent of its operating budget. Some of these costs are one-time expenses; other expenditures are out-of-pocket, most in the form of staff time. The administrative staff spends an increasing precentage of their time on government related matters rather than on academically-related concerns. Policy issues to be considered in assessing the costs of compliance are discussed, and 10 recommendations are offered for the Sloan Commission to consider as it attempts to assess the problems on a national scale. (SW)

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SELF-STUDY REPORT BY

ROOSEVELT UNIVERSITY

on

The Impact of Government Programs and the Cost of Compliance With Government Regulations

for

THE SLOAN COMMISSION ON GOVERNMENT AND HIGHER EDUCATION

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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AUGUST, 1977

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ROOSEVELT UNIVERSITY SELF-STUDY FOR THE SLOAN COMMISSION ON GOVERNMENT AND HIGHER EDUCATION

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ROOSEVELT UNIVERSITY SELF-STUDY FOR THE SLOAN COMMISSION ON GOVERNMENT AND HIGHER EDUCATION

Historical Background, Mission and Profile of Roosevelt University

Roosevelt is an independent, non-sectarian, coeducational university located primarily in downtown Chicago and serving the Chicago metropolitan community. Roosevelt has about 7,500 full and part-time students enrolled in five colleges (Arts and Sciences, Business Administration, Music, Education, and Continuing Education) and two divisions (Labor Education and Graduate) with academic programs through the Master's degree. Roosevelt students attend classes from 8:00 in the morning until 10:30 at night and on Saturdays and Sundays. Two-thirds of the students are enrolled in one of the University's fifty undergraduate programs; one-third are enrolled in one of the 22 master's level programs. The average age of these students is 30 years; approximately 85 per cent are employed at either a full or part-time job while attending the University. No distinction in admissions standards, tuition or course credits has ever been made at Roosevelt between day and evening or full-time and part-time students.

Roosevelt University's students represent a cross-section of the Chicago metropolitan community. Approximately one-third are members of minority groups as currently defined by the federal government. Over half of Roosevelt University's students are minorities if one uses the more traditional definition that includes other ethnic and religious groups. Typically

they attend Roosevelt University part-time, between family and job responsibilities. The majority have transferred to Roosevelt after having begun their collegiate work elsewhere: in one of the city's community colleges, in a local state university or in a college in another part of the country, often many years before. The faculty claim, and studies bear out, that these students represent the full spectrum of academic ability from average to among the brightest they have experienced at any collegiate institution. Although there are a growing number of foreign students, now constituting about 10 per cent of the full-time enrollment, and some out-of-state students, over 90 per cent of the student body is from the Chicago metropolitan area. Most of the students attend the University's main facility, located in downtown Chicago. Four satellite centers in the northern suburbs of Glenview, Rolling Meadows and Waukegan, and at the Great Lakes Naval Center are attracting an increasing number of suburban residents.

The students are served by a faculty of approximately 400 which includes almost equal numbers of full-time and part-time members. The part-time faculty bring to their classes a wide range of professional experiences and competencies augmenting the more traditional academic interests and concerns of the full-time faculty. The faculty participate in a wide variety of community service activities. About 65 per cent of the full-time faculty hold the PhD degree.

Roosevelt University is deeply involved in urban activities of various kinds. Although it overlooks Chicago's Grant Park and lakefront, there is no grassy campus separating it from the rest of the city. The urban experi-

ence is part of virtually every student's curriculum either informally or through various formal internships, work-study experiences, cooperative education, and the like. The University sees as its mission the creation of avenues for upward mobility by providing educational opportunities for people of all ages and backgrounds. Adult students are given opportunities to resume an interrupted education, to explore new interests, to prepare for new responsibilities or careers.

Over 25,000 students have been graduated from Roosevelt University of whom over 4,000 have been recipients of master's degrees. In addition, approximately 75,000 students have taken one or more courses at the University.

Roosevelt University is accredited by:

the North Central Association,
the American Assembly of Collegiate Schools of Business,
the National Council for the Accreditation of Teacher Education,
the American Chemical Society,
the Council on Social Work Education,
the Illinois State Examining Board for Teacher Education, and
the National Association of Schools of Music.

Roosevelt is, in many ways, a people's university. It was founded in April, 1945, at the end of the Second World War, by its first president, Edward J. Sparling, a faculty, and an inter-racial board. It was initially to be called Thomas Jefferson College, but the death of FDR prompted its founders to adopt his name.

Roosevelt College evolved from the Central YMCA College of Chicago, one of many YMCA colleges serving working students in the country's major cities. Sparling, who had been president of Central YMCA College, resigned

his position in a controversy with his governing board over issues of academic freedom and non-discrimination. That controversy was to be an important determinant in the character of the new institution. Roosevelt College was founded as militantly egalitarian and democratic. As America and her allies would "bring democracy" to Italy, Germany, and Japan, so Roosevelt College would "bring democracy" to American higher education. Nine years before the Supreme Court's Brown decision, at a time when quota systems in admissions, and discrimination in hiring, were not uncommon in American higher education, Roosevelt College was avowedly integrationist. At a time before campus-wide governance was a popular model, Roosevelt College established governance mechanisms designed to create of the college a partnership in which everyone who had a stake would be represented.

Most of the faculty of the Central YMCA College, including the dean of faculties, joined with Sparling in resigning from that institution to start the new college. Both he and they saw it as their institution as much as his, and they would participate in its governance. Although most American colleges trace their origins to a public or private board that hired a president and a faculty, Roosevelt began with a president and faculty that sought out and established a board.

Classes began in September, 1945, with over 1,300 students, most of whom had been at the predecessor institution, in rather makeshift facilities in downtown Chicago. The faculty had participated in the hasty conversion of an old office building over the summer. They were barely finished in time for registration. Roosevelt College had none of the assets that are traditionally

necessary to found a college, except self-confidence and belief in an idea.

Some of the enthusiasm, confidence, and pride of this early period is expressed in a report from the dean of faculties to the Board of Trustees in December, 1945.

> "If it is foolhardy for 68 men to resign their jobs without assurance of future security, the faculty of Roosevelt College was foolhardy.
>
> "If it is impossible to remodel an 11-story building in 33 days, equipping it with classrooms, library, laboratories, and offices, Roosevelt College was an impossibility.
>
> "If it is absurd for a new college to offer such subjects as advanced calculus, to apply for accreditation six days after the opening of school, and to graduate a class at the end of the first 17 weeks, then Roosevelt College is absurd.
>
> "If it is radical to teach future labor leaders, as well as future businessmen, the mysteries of accounting; if it is radical to supply Jews, Poles, Japanese, and Negroes as well as Anglo-Saxons with the tools of language, then Roosevelt College is radical.
>
> "If it is impractical to give employed men and women during the evening hours courses of standard quality in history, chemistry, and music, Roosevelt College is impractical.
>
> "I am proud to say that Roosevelt College is in these ways foolhardy, impossible, absurd, radical and impractical."[1]

In its second year the College purchased the historic Auditorium Building at Congress Street and Michigan Avenue in downtown Chicago. Designed by architects Dankmar Adler and Louis Sullivan and completed in 1889, the Auditorium Building had a long and distinguished history before its purchase by Roosevelt. A 4,000 seat theater occupying 40 per cent of the block-long

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[1] Wayne A. R. Leys, "Report to the Board," Minutes of the Roosevelt University Board of Directors, December 17, 1945.

structure had been the site of national political conventions and the location of performances by such stars as Caruso, Adelina Patti, John Philip Sousa, and Sarah Bernhardt. An elegant hotel enveloped the theater on two sides; on the third was an office wing. There were offices too in the seven-story tower which rises above the tenth floor and was the highest point in Chicago at the time it was built. Altogether, the Auditorium Building has approximately 650,000 square feet, much of it lined with oak, onyx, marble, mahogany, stained glass, gold leaf and intricately stenciled ornament.

When the University occupied the building in 1947, hotel rooms and commercial offices were turned into classrooms, faculty offices, and laboratories; the main dining room became a library reading room; book stacks were placed where the kitchens had been; and fireplace flues were used to exhaust the fume hoods in the chemistry labs. The decision about whether to restore the theater took over a decade to resolve. Ultimately, the theater was restored as were other public rooms in the building.

The Auditorium Building is listed in the National Register of Historic Places, is included in the Historic American Buildings Survey, was designated a Chicago Landmark by the City Council, and in 1975 was named a National Historic Landmark by the U. S. Department of the Interior. This venerable building, although still in need of further renovation, restoration and refurbishment, has lent the young institution a dignity and tradition that might have been lacking in other or newer facilities.

From the start, Roosevelt's curriculum and administrative structure

reflected an urban focus and orientation. In 1946 a Labor Education Division was established to conduct educational programs for labor unions. Subsequently, a Division, later College, of Continuing Education was established to meet the educational needs of adult students. In 1954 Roosevelt acquired the Chicago Musical College, founded in 1867 by Florenz Ziegfeld, Sr., developed a graduate program, and changed its name to Roosevelt University. Until 1971 Roosevelt was entirely a commuter institution. In that year, a 360-bed dormitory and student union was opened.

Since 1965 the University has been under the leadership of Dr. Rolf A. Weil, an economist, who was formerly dean of the College of Business Administration. Four vice presidents and the dean of administration report to the president. A Board of Trustees composed of 46 men and women includes representatives of business, labor, alumni, the professions, and seven faculty trustees elected by the faculty.

Roosevelt University was started on a shoestring budget with virtually no endowment. Even now, after 32 years, the market value of the endowment is only $1.8 million. About 85 per cent of the income of the University is from student tuition. The percentage of the budget coming from student tuition has been remarkably stable over the years, even though the amount received from fund raising has increased dramatically during the past decade.

Roosevelt is surrounded by a host of state-supported junior and senior colleges and universities as well as by a number of other independent institutions that all compete for more or less the same student clientele.[1] Because

[1] Although there was no four-year branch of the state university in Chicago in 1945 when Roosevelt was founded, within the past decade the state has

of the extremely competitive environment in which it is located, the University must not only aggressively recruit students and develop new curricula, but the tuition must be kept as low as possible. In 1976-77 tuition was $76 per undergraduate credit hour and $88.50 per graduate credit hour. Approximately one-third of the student body receives scholarship support or financial assistance. The largest source of student financial aid is from the Illinois State Scholarship and Grant Program as seen in the accompanying table.

Government Supported Student Financial Aid Programs at Roosevelt University, 1976-77

Aid Programs	Amount	No. of Students Benefited*
1. National Direct Student Loan Program	$ 29,101	270
2. Basic Educational Opportunity Grant	1,053,804	1,059
3. Supplementary Educational Opportunity Grant	171,908	261
4. College Work Study Program	111,878	114
5. Law Enforcement Education Program	119,900	128
6. Illinois State Scholarships and Grants	2,250,056	1,583
7. Illinois Guaranteed Loan Fund	295,439	184
Total	$4,032,086	

*Including multiple awards

$\frac{4}{11} \approx 36\%$ minimum

The total budget of the University during 1976-77 was approximately $13 million.

As a result of this history of modest income, Roosevelt University has always been exceedingly frugal. Roosevelt has learned to do without many of the amenities and services which other institutions of comparable size take for granted. A few years ago, when the Academy for Educational Development distributed a much-publicized list of 319 ways for colleges and universities to

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developed the University of Illinois at Chicago Circle, Chicago State University, Northeastern Illinois State University, Governor's State University, nine campuses of the two-year Chicago City College system, and a ring of other community colleges in the suburbs encircling the city. In addition, the other independent colleges and universities in the metropolitan area include Loyola, DePaul, Northwestern, Illinois Institute of Technology, the University of Chicago, Mundelein, St. Xavier, Central YMCA Community College and several small colleges.

cut costs, Roosevelt found little to save because it had not been able to afford the expenditures in the first place. Because Roosevelt operates only two buildings and has no landscape to maintain, it has successfully avoided many of the overhead costs which other institutions incur. Further, Roosevelt University has

no university cars, trucks or other vehicles
no parking lot
no president's house
no personnel office or officer
no affirmative action office or officer
no cheer leaders
almost no intermural physical education program
no resident attorney or architect or internal auditor
a skeletal administrative staff with very few assistant or associate deans
a second, rather than a third or fourth, generation computer.

Despite this spartan environment, the University has a low turnover among its faculty and a high level of student satisfaction and accomplishment. One evidence of this accomplishment is Roosevelt's ranking in the upper 5 per cent of American colleges and universities of baccalaureate origin of doctoral recipients, according to a study by the National Academy of Sciences.

The University's history of providing equal educational opportunities, its integrated faculty, student body and board of trustees, its teaching and community service orientation, the extensive involvement of the faculty in determining the annual budget and in governing the university, and the skeletal administrative structure are all determinants in the way Roosevelt responds to the various government agencies, programs, and requirements.

Scope and Methodology of Self-Study

It was the intent of this self-study to assess the impact on Roosevelt University of federal and state assistance, regulations, and requirements. The study was conducted by means of a survey questionnaire and interviews with the University's vice presidents and other senior administrators. In order to make an estimate of the amount of time and money spent by the University to comply with federal rules, regulations and guidelines, the "Compendium of Federal Authorities Applicable to Colleges and Universities" and the appended list of postsecondary education programs prepared by Charles Chambers for the Sloan Commission and dated April, 1977, was distributed to the vice presidents for business and finance, student services, and academic affairs. Each was requested to complete a questionnaire which, about each law, regulation, and grant program, asked:

who from their area of responsibility was involved during the past academic year,

approximately how much time was spent on the regulation or requirement,

the salary costs associated with this commitment of time,

other non-salary costs incurred,

whether the involvement or activity was one-time or continuous, and

whether there were any special problems or issues of significance to the University.

Annual reports, minutes of meetings, personal notes, recollections and conversations were also used.

The author of this case study has been an employee of Roosevelt

University since 1961. He has held the positions of psychological counselor, assistant to the president, and director of government relations and long-range planning. Currently he holds the positions of dean of administration, secretary of the board of trustees, and professor of education. He has regularly attended meetings of the Senate, the Board of Trustees, the Planning Committee, and the Administrative Council since 1965.

Self-Study Findings

Participation in Government Support Programs.

Roosevelt University participates in a number of federally supported projects and activities. In the past few years the University has received support for such activities and programs as Teacher Corps training, Upward Bound, Title I (HEA) Community Service projects, Cooperative Education, Peace Corps training, construction and renovation of facilities, equipment for undergraduate instruction, in-service training of science teachers, preparation of community college teachers, library support, faculty research of a wide variety, as well as the various student financial aid programs, among others.

Since 1972 the State of Illinois has had a modest program of direct state support for independent institutions. Because the appropriation and allocation of funds under this program is always late and uncertain, the Board of Trustees adopted the policy of including the income from this program in the budget for the year following that in which it is received.

By and large, except for the student financial aid funds which have been

indispensable to Roosevelt University's very survival, government support has not been a major part of the regular budget. True, government funds made possible the construction of the student union-dormitory and the renovation of the Auditorium Building. Moreover, the various special research, training, and service projects established under government grants have been important to the departments which initiated the projects and to the University. The University would not have been able to support most of these projects without government aid. However, not many of the faculty have been supported under government funds for sponsored projects, and only a small percentage of the general budget of the University has been composed of government funds.

As can be seen in the table on the following page, government support to Roosevelt University increased from $3,899,160 to $4,954,359 over the past five years. This increase of 27 per cent corresponds to the 26 per cent increase in the total budget from $10.24 million to $12.48 million. However, the per cent of the total operating budget composed of government funds other than student aid and capital projects declined from 11 per cent in 1972 to 6 per cent in 1977. (Indirect government support by means of tax exemption was not included in these calculations.)

The two main sources of state support are student financial aid (from the Illinois State scholarship, grant and loan programs) and the program of direct state subsidy. Most of the other government support has come from the federal government.

Because Roosevelt University emphasizes baccalaureate and master's level teaching rather than doctoral training and research, more interest has been evinced by the faculty and staff in government support for educational

Government Support of Roosevelt University: 1972-1977

Type of Support	1972-73	1973-74	1974-75	1975-76	1976-77
1. Student financial aid	$2,795,535	$2,660,068	$2,814,303	$3,982,537	$4,032,08
2. Sponsored projects and research	636,726	458,901	420,041	309,279	311,54
3. Institutional projects and instructional equipment	43,705	57,354	31,592	25,630	28,962
4. Construction*	100,951	93,186	93,186	93,186	293,186
5. Direct state aid**	319,600	293,400	264,912	260,329	281,920
6. Other	2,643	4,139	2,697	--	6,662
Total Government Support	$3,899,160	$3,567,048	$3,626,731	$4,670,961	$4,954,35

*Includes thirty-year annual interest grant of $93,186 to cover interest in excess of 3% on construction loan

**Illinois Financial Assistance Act for Non-Public Institutions of Higher Learning

Total Roosevelt University Budget	$10,240,000	$10,762,000	$11,279,000	$12,430,000	$12,948,000
Total government support as percent of total budget	38%	33%	32%	36%	38%
Government support (excluding student aid and capital projects) as percent of operating budget	11%	8%	7%	6%	6%

services (such as cooperative education, Upward Bound, in-service teacher education, and the like) rather than in the support for basic research. However, a significant problem associated with government sponsored education and training programs is that they typically provide for the recovery of only a small fraction of the indirect costs associated with the project and they require cost-sharing or matching. In many programs the reimbursement of indirect costs is limited to 8 per cent of direct costs, far below the University's "approved" indirect cost rate. (Excluding fringe benefits, which average 22.6 per cent of salaries and wages, Roosevelt's indirect cost rate is 53.6 per cent of salaries and wages.) The "matching share" or "university contribution" required under federal education and training grants varies from a "nominal" 10 per cent to 300 per cent (as in the case of the National Endowment for the Arts and National Endowment for the Humanities 3 to 1 Challenge Grants). Research grants and contracts on the contrary typically provide full support including the reimbursement of all indirect costs at the approved rate. Because the required "matching share" must come out of money that would otherwise be available for the University's regular academic program, and because it is not possible to tap either a large endowment or a legislative appropriation, Roosevelt carefully evaluates each application for government support and has, on a number of occasions, decided it was not able to afford to apply for federal support in areas that were otherwise consistent with the University's mission and objectives.

Matching requirements in some programs are waived for colleges and universities classified as developing institutions. Roosevelt University has generally not been qualified as a developing institution, however, having too

many books in its library, too many PhDs on its faculty, and too many students enrolled. Moreover, some members of the University administation have been reluctant to have the University classified as a developing institution, even if it were possible to obtain support under the Title III program, lest the designation imply that the University were "struggling for existence" or "outside the mainstream of American higher education."

Although Roosevelt University has had to curtail a number of excellent programs which were initiated with federal support when the grant expired or was not renewed, in general it is our evaluation that Roosevelt has been less "overextended" and has experienced less dislocation of people than have other institutions where government support has comprised a larger per cent of the budget. Federal support has made it possible for several departments of the University to carry out training programs and educational projects that would not have been possible otherwise. However, federal funds have not influenced faculty salaries, department size, student enrollment or course offerings in any significant way.

In 1970 Roosevelt University appointed an administrator to assume, as one of several responsibilities, the coordination of government grant applications. This responsibility, as well as legislative relations, relations with government agencies, and various planning and other administrative functions, is held by the dean of administration. In this capacity he assists faculty members with government grant applications and informs them about government grant opportunities. He initiates applications which are of benefit to the University as a whole or which lie in areas outside or between the existing

departmental and collegiate structure.

Under Roosevelt's administrative structure, responsibility for disseminating information about, and coordinating grant applications to, philanthropic foundations rests with the University's Development Office. Responsibility for administering or monitoring grants once they have been awarded to the University and purchasing any necessary equipment or supplies rests with the office of the vice president for business and finance.

Compliance with Government Regulations and Requirements.

In common with other colleges and universities, and most other American enterprises, Roosevelt University is subject to compliance with the myriad of federal statutes, regulations, and executive orders. The Sloan Commission's "Compendium of Federal Authorities Applicable to Colleges and Universities" lists fifty-nine separate statutes and regulations. When the Commission's Compendium was circulated to administrative officers at Roosevelt University, twenty-five federal authorities were cited as occupying their concern, and requiring time, effort, and expense to comply.

Not all of these statutes and regulations required the same amount of attention and concern or the same effort to comply, however. Some federal regulations required the expenditure of a great deal of time, energy, and money to assure compliance. Other regulations, perhaps no less socially important, impinged on the University to a lesser extent, and the costs of compliance were minimal. While no exact ranking in terms of cost of compliance is possible, compliance with the first twelve statutes required significant expenditures of time and money, whereas, during the past academic

year, compliance with the remaining thirteen was less costly to Roosevelt University. Listed in approximate order of time consumed and costs incurred, these laws and regulations included:

1. Age Discrimination in Employment Act of 1967
2. and 3. Vietnam Era Veteran Readjustment Act of 1974 and 38 U.S.C. 34 (Regulations on Veteran's Educational Programs)
4. Immigration and Naturalization Act of 1891 (Regulations on Foreign Students and Faculty)
5. Title VII, Civil Rights Act of 1964
6. Educational Opportunity Grants, Insured Loans
7. Employee Retirement Income Security Act of 1974 (ERISA)
8. Family Educational Rights and Privacy Act of 1974 (Buckley Amendment)
9. Higher Education General Information Survey
10. Occupational Safety and Health Act of 1970 (OSHA)
11. Title IX, Education Amendments of 1972
12. Health Maintenance Organizations Act of 1973 (HMOs)
13. Tax Reform Act of 1976
14. Rehabilitation Act of 1973 (Sec. 504)
15. 45 CFR 74 (Federal Management Circular 73-78: Cost Reimbursement)
16. Social Security Act
17. Historic Preservation Act of 1966
18. Non-Profit and Fourth Class Postage Use
19. Use of Surplus Property
20. Regulations for Research on Human Subjects
21. Collective Bargaining Agreements
22. Institutional Eligibility Regulations
23. Internal Revenue Code (Deductible Contributions)
24. Energy Conservation
25. Credit Unions

Altogether the cost of complying with the regulations of these twenty-five statutes and authorities was approximately $190,000. An additional $40,000, approximately, was spent on the University's involvement with federally funded projects such as Upward Bound and Cooperative Education projects, and $20,000 on interaction and compliance with state agencies and authorities. The total cost to Roosevelt University of complying with govern-

ment regulations and requirements is estimated conservatively to have been on the order of $250,000 over the past year. This figure should be regarded as a cautious estimation rather than an exact measurement and should be seen only as providing an order of magnitude.

Certain of these expenditures, such as those for the resolution of immigration problems and those for the veterans and other student financial aid programs, are annual, on-going costs. Other expenditures involve "start-up costs" that presumably will not need to be repeated. This is the case with the Employee Retirement Income Security Act (ERISA) on which approximately $6,500 of staff time was spent by the Controller's Office and the Health Maintenance Organizations Act on which over $1,500 was spent. Certain costs are in the nature of one-time expenditures resulting from the University's defense against a suit or grievance filed by an employee or student. Over $20,000 has been spent by the University thus far in its defense against the grievance and lawsuit of an employee who claims that the University's denial of her request for tenure was an infringement of her rights under the Age Discrimination in Employment Act.

Many universities report the expenditure of great sums for compliance with affirmative action regulations (Executive Order 11246) and Title IX of the Education Amendments of 1972. Such expenditures have been unnecessary or have been avoided by Roosevelt thus far. As we understand the federal affirmative action requirements, universities and other employers with federal contracts in excess of $50,000 must analyze their "work force" by race and, if it is found that minority employees have not been hired in accordance

with their percentage in the applicant pool, must submit an "affirmative action plan" that establishes goals and time tables by which the institution will make a good faith effort to recruit and hire minority applicants in the various positions in which they have been deficient. Although discrimination (including "reverse discrimination") is not sanctioned, it is the government's policy for universities and other employees to be race conscious in the recruitment of applicants in order to compensate for past abuses. Many, if not most, major universities have complied with this requirement and have implicitly or explicitly acknowledged past discrimination.

Roosevelt University, having been founded on the very principles of equal educational opportunity for all, and "color blindness" in the selection of students and employees, believes itself not guilty of prior discrimination and asserts that from its inception minorities have been recruited, employed and enrolled solely on the basis of ability. Roosevelt believes that its traditional policy of equal opportunity has meant that the best applicants were hired irrespective of race, or sex, or ethnic origin and that those hired were fairly, if not mathematically, distributed throughout the University by race and sex without regard to compensatory goals or time tables. For this reason, Roosevelt University believes that it is unnecessary for it to prepare and submit a formal "affirmative action plan." No affirmative action plan has been requested thus far because Roosevelt has had very few federal contracts, only one in excess of $50,000 and none over $1,000,000. National thought and federal law is evolving on the issue of affirmative action. Time will tell whether Roosevelt is in the vanguard on this issue now as it was in 1945.

The situation with Title IX is similar. A self-study of the University's policies towards women was conducted in compliance with the federal regulations. No programs were found that discriminated against women in any way. Roosevelt has not been the recipient of scholarship funds earmarked for a single sex. Roosevelt has had only a skeletal physical education program without a major intermural sports program for men. Furthermore, the University has had grievance procedures for students and employees for many years. It was not costly to extend this mechanism to include potential Title IX grievances as well.

Although the full impact of the cost of compliance with the regulations prohibiting discrimination against the handicapped (Rehabilitation Act of 1973, Section 504) has yet to be determined, a preliminary assessment suggests that Roosevelt is already in substantial compliance because most of its courses are offered in a single high-rise elevator building. Roosevelt has had a number of wheelchair and visually handicapped students over the years.

Although compliance with these particular programs has not cost Roosevelt a great deal of money, Roosevelt has not emerged unscathed from the high costs of compliance with federal regulations. The University has had to defend itself on several occasions from allegations of discrimination, however specious and unfounded these allegations may be.

In at least one instance the costs to the government of investigating the allegation were far in excess of those borne by the University. When an employee of the local Office of Civil Rights was denied admission to one of the University's graduate programs on the basis of her mediocre prior academic

record, she alleged racial discrimination. The case was transferred to the Kansas City office and an employee from that office came to Chicago and spent a full week plus the following weekend staying at the Executive House hotel at government expense, "investigating" the charges. In this case, as in all the other cases, the allegations were dismissed, but not before the schedules and office routines of various administrators were intruded upon. Perhaps the most offensive part of compliance investigations is that the usual presumption of innocence is not extended under those procedures and the University is obliged to defend itself under the presumption of guilt.

Compliance with state regulations imposes some burdens as well. The Illinois Financial Assistance Act for Non-Public Institutions of Higher Learning, under which Roosevelt and the other independent colleges and universities in Illinois receive modest annual grants, contains a proviso that the recipients must participate in all of the studies of the Illinois Board of Higher Education. This requirement includes their time-consuming unit-cost study and a detailed facilities inventory. Because Roosevelt does not yet have a computerized management information system, the data requested by the Board of Higher Education and by the federal agencies is often difficult to provide and requires extensive clerical tabulation. In some years and on some studies the Board has allowed Roosevelt to "pass," but that leniency may not always continue.

In the area of state unemployment insurance, no leniency exists, and the University is saddled with the payment of compensation claims that seem clearly to go beyond the initial intent of the law. When a female employee quit work to get married and moved to her husband's home in an affluent

northern suburb, she was awarded unemployment compensation, paid by the University, on the basis that there was no university in proximity to her new home. Students employed part time by the University, as a form of assistance while enrolled, may collect unemployment compensation, at the University's expense, if they fail to obtain a job after they graduate. A part-time faculty member, hired to teach a single course, may collect unemployment compensation, paid by the University, because they have not obtained full-time work. A staff member, retired from the University and receiving retirement benefits, also receives unemployment compensation. And so on.

The costs of compliance with laws and regulations continues to escalate. The fact that most of these laws and regulations are socially desirable and redress social injustices of the past, does not minimize their cost. In the business sector of the economy these costs are passed on to the consumer in the form of higher prices. In state-supported higher education, the costs are borne by the taxpayers in the form of additional administrative personnel, and the like. Independent colleges and universities are in a uniquely vulnerable position, however. Because of the competition from low-tuition government-supported universities, and because of the ceilings placed on state and federal scholarship assistance, independent colleges and universities are not able to pass these costs on to the "consumer" by means of increased tuition, nor do they receive compensatory support from the state or federal government. This squeeze puts a unique hardship on the independent colleges and universities in America, and has made all but the most heavily endowed prey to financial instability.

Policy Issues and Distinctions Raised in Assessing the Costs of Compliance

In attempting to assess the costs to Roosevelt University of complying with the various government regulations, a number of issues and distinctions were raised which may be of concern to the Sloan Commission as it attempts to assess this problem on a national scale.

1. The first of these distinctions is the difference between one-time costs and on-going or continuous costs. The costs of providing certain kinds of regularly requested information, such as the Higher Education General Information Survey (HEGIS) required by the U. S. Office of Education, or the Internal Revenue Service Form 990, are approximately the same from year to year as long as the information requested and the University's record-system remain the same. These on-going costs can be anticipated by the University and are usually managed without undue burden or hardship.

One-time costs are more troublesome; they are of several types. There are start-up costs associated with the introduction of a new requirement. The costs to Roosevelt University of analyzing and implementing the new Employee Retirement Income Security Act (ERISA) were much higher in the initial or start-up year than they are expected to be in subsequent years. Similar one-time costs were associated with the requirement that employees be given the option of joining a qualified health maintenance organization (HMO) in lieu of participation in the University's regular health insurance program. There were also one-time costs associated with the University's self-study of possible sex-discrimination required under Title IX. Each time a new law

or regulation is introduced there are one-time administrative start-up expenses that ordinarily do not have to be repeated. By the second or third year the costs of compliance reporting may become nominal and routine.

Another kind of one-time cost may be associated with remedying a deficient condition. Although Roosevelt University has not experienced such costs, many other institutions have. In this category one would include such expenditures as salary readjustments to bring women's salaries in line with those of men in similar positions and levels of experience or seniority, the establishment of physical education programs and facilities for women to equal those offered for men, the construction of ramps, handrails, braille direction signs, and similar provisions to provide access for the handicapped. Expenditures in this category may be very large and extremely difficult for the institution to absorb in its regular operating budget. However, they too are primarily in the nature of one-time catch-up expenditures, although new programs and facilities, and higher base salaries, clearly have on-going cost implications.

A third type of one-time cost is that incurred by the University in connection with particular grievances or litigation. Although this has been called a litigious age, and the University should expect to be the recipient of a certain number of lawsuits on a regular basis from people dissatisfied or disgruntled about one thing or another, some suits and grievances become quite costly to defend particularly if they are not settled promptly and involve lengthy court proceedings. Costs of this type have led many institutions to develop or augment a staff of in-house attorneys, just as many major business

firms have "house counsel." Roosevelt University has not taken this step and is billed for each hour of time spent by attorneys on its behalf.

2. A second distinction, one evident in the case of attorneys' fees, is that between out-of-pocket costs and the costs associated with work absorbed by the staff as part of their general workload. The fees to attorneys, the costs of ramps and new signs, the costs of new safety or health provisions, are all out-of-pocket costs. The costs of producing reports, conducting self-studies, holding meetings of a faculty committee to review research on human subjects are all costs borne by the faculty and staff as part of their regular workload. Economists speak of these as opportunity costs because time spent on any one of these projects means that the staff must forgo some other opportunity or activity that might be more profitable to the institution or more productive of its primary mission of teaching, research and public service.

There is, too, the distinction to be made between dollar costs and psychic costs. Several Roosevelt administrators complained of the psychological costs and the costs in personal energy and anxiety involved in worrying whether unknowingly and unwittingly they might be breaking some new federal law or regulation, and the similar psychic costs involved in defending one's self and one's institution from harrassing lawsuits and groundless complaints to government agencies.

3. A third distinction which is important to maintain is that between the costs associated with the University's compliance with government regulations and reporting requirements, where no direct benefit is anticipated except the avoidance of grant terminations, and those costs associated with

the application for and administration of government grants, contracts and other sources of income or where some direct benefit is anticipated. In the latter category are the costs associated with grants administration offices and the matching costs contributed as the University's share of a partially funded project. Presumably a university is free to choose whether or not to apply for or accept a particular government grant and thereby incur certain matching and administrative costs. (One says "presumably" because internal and external pressures may leave the University's senior administrators little room for choice on some grant applications.) However, no choice--except loss of all government support--is involved in complying with Title IX, OSHA, the Buckley Amendment, access to the handicapped and the like.

4. Another distinction to be made or issue raised is that between compliance with the substance of a regulation and compliance with its form. This distinction is clear in the case of civil rights and affirmative action compliance. A great deal of money can be spent by an institution in the development of an affirmative action plan, in advertising positions, and in personnel screening, with little or no results in terms of minority employment. Another institution may spend far less on the outward signs of compliance but have a much better record of non-discrimination. Roosevelt University believes itself to be in this category. It does not have the money to maintain a personnel office and conduct a nationwide search for each open position, but it would match its record of non-discrimination against that of any institution in the country. The expenditure of money, the production of reports,

and the adherence to formal requirements are not an adequate measure of an institution's adherence to social goals.

5. A related issue is the distinction between active and passive compliance with government regulations. Smaller and less well-financed institutions may engage in passive or minimal compliance; that is, it may submit such reports as are requested of it, if the information is available, or guess at responses or leave them blank if the information is not. A well-financed institution not only can afford to hire sufficient numbers of clerks, institutional researchers, computer programmers, and the like to provide more accurate answers to the government's insatiable demand for ever more detailed information about ever-widening areas of the institution's activity, but can also afford to employ a government relations staff to initiate an active counter-response to the government. The more affluent institution can afford to have one or more people on its staff reading the Federal Register, corresponding with federal agencies about proposed regulations, lobbying for and against legislation in Washington and the state capital, and the like. The expenses of all of this government relations activity, and they can be considerable, can obviously be attributed to the cost of compliance with government regulations. However, these costs will vary widely from institution to institution in terms of how much an institution believes it can afford to spend (or how much it can't afford not to spend) on this kind of activity. A possible generalization from this observation is that a university will spend as much on government relations and to comply with regulations as is available therefor. The corollary to this assertion is that a study of the costs a university incurs

to comply with government regulations may only be a study of how much that institution has available to spend and not how much it should spend or might spend.

6. In studying the impact of government on higher education and the cost of compliance with laws and government regulations, it may be useful to distinguish between the costs associated with compliance on regulations impacting on all businesses (e.g., OSHA, ERISA, etc.) and those regulations or reporting requirements that refer uniquely to higher education (the Higher Education General Information Survey, for example). In considering the first category, those laws and regulations imposed on all social institutions, it may be well to consider whether there are any significant differences between the impact these laws have on for-profit as opposed to not-for-profit organizations. It may also be useful to consider, as is sometimes argued, whether colleges and universities are excessively burdened by certain regulations (e.g., affirmative action compliance) compared with the burden imposed by the same regulations on businesses or other endeavors where the requirement for highly educated and skilled manpower is not so great.

7. As has been mentioned, the Commission may want to give particular attention to the ability of higher education institutions in general, and different kinds of institutions in particular, to absorb or pass on the costs incurred in complying with government regulations. The costs of complying with new social goals, and the government rules enforcing them, may be handled in various ways: one possibility is for the costs to be absorbed by increased operating efficiencies, another is that profits are reduced, a third is that

they are passed on to others--usually to consumers in the form of increased prices. Colleges and universities generally have been limited in their ability to increase their operating efficiencies by any appreciable amount. Nor do colleges and universities, or other not-for-profit organizations, have the option of reduced profitability. State-supported colleges and universities have often been able to pass their costs on to the taxpayers of the state in the form of higher capital and operating budgets. Independent colleges and universities do not have this option, however. Nor are they able to pass their costs on to students in the form of increased tuition because of the already large disparity between the price of government subsidized and that of independent higher education.

8. The Commission may wish to consider whether the social goals sought by the federal legislation and accompanying regulations adopted in recent years are being advanced in the most efficient, economical and appropriate manner, or are there other means that would better accomplish the same objectives. Should institutions be given the protections of civil law procedures, including the presumption of innocence? Should the government develop graded sanctions, so that they can impose penalties of varying severity rather than have the curtailment of all federal funds as their only recourse to an institution in non-compliance? Can better mechanisms be developed to handle casual complaints more efficaciously and with less disruption to the institution?

9. Finally, the Commission may wish to consider the totality of federal support for higher education, the impact of this support, and the lacunae

or gaps in support. Shortly after Congress passed the Higher Education Act of 1965--a bill that was presumably the first to address the needs of higher education generally--the U. S. Office of Education toured the country with what it called a "road show" to publicize the new legislation and acquaint colleges and universities with the guidelines and regulations. As part of this "road show" a film-strip was prepared entitled "A Fierce Commitment." The title now seems almost comical. If Congress and the Office of Education ever did have "a fierce commitment" to support American higher education, Roosevelt University has yet to experience its benefits. Many of the programs for support authorized by the Higher Education Act of 1965 and subsequent amendments, including the Education Amendments of 1972, have never been funded. Included in this category is the vitally important program of institutional aid. Instead Washington has continued to support the hodge podge of specific categorical programs augmented by limited student aid funds for certain groups of students. Substantial federal support has gone to the major research universities, to the land-grant institutions, and to those qualified as "developing institutions." Much less support has gone to teaching and service oriented institutions in the "post developing" class.

The much-discussed program to assist urban universities, recommended by the Carnegie Commission on Higher Education, has not been enacted. There are also gaps or lacunae in the programs of student support. Students from middle income families have not been helped. Most such students cannot afford to pay the tuition at the unsubsidized independent colleges and universities, and have been forced to attend state institutions.

Part-time students have been flagrantly short-changed by exclusion from many student aid programs. Historically there has been a prejudice against part-time students, many of whom are women or minority group members. There has been an assumption that either they were not serious students or that they did not need aid since they weren't paying "full" tuition. This assumption was shared by many colleges and universities which discouraged, and in many cases even prohibited, part-time student enrollment. Roosevelt University has, since its inception in 1945, encouraged students to enroll part-time if they found it more convenient to do so. The Roosevelt faculty has found that many of their most diligent and dedicated students attend part-time. One Roosevelt alumnus, now a member of the Illinois State Legislature, described to this writer how it took him eleven years to earn a degree by taking courses in the evening. His story is not unique. Yet these are the students for whom it is hardest to obtain outside sources of financial aid.

Until recently, the Illinois State Scholarship Commission, which has an excellent program of tuition-assistance grants for full-time students, provided no support at all to part-time students. In 1975 assistance was extended for the first time to <u>half-time</u> students. This is only "half a loaf," however, for it means that students taking a one-quarter or one-third course load (one or two courses) still get no assistance and students enrolled for more than half but less than full-time get only half-time support. The Commission (although equipped with a large staff and an even larger computer) has complained that it is "too complicated" to pro-rate the financial aid support on the basis of the number of courses for which a student is enrolled. Similar

injustices must exist in other state scholarship programs.

The United States prides itself on the diversity and heterogeneity that exists in its 3,000-odd colleges and universities, each with its own unique traditions, heritage, special emphases, and character. Yet there is no federal program addressed to the perpetuation of this diversity, and most federal programs probably have the opposite effect.

In formulating its recommendations, the Commission may wish to consider ways in which these gaps or omissions in government support can be closed.

Summary and Conclusions

Excluding student aid, government support at Roosevelt University constitutes about 6 per cent of the operating budget. Close to half this amount comes from the State of Illinois, primarily in the form of a direct assistance grant. It is conservatively estimated that it costs the University approximately $250,000, or 2 per cent of its operating budget, to comply with the various government regulations and guidelines. Some of these costs are in the nature of one-time expenses that presumably will not have to be repeated annually, at least at the same amount. Some of the expenditures for compliance are out-of-pocket, most are in the form of staff time. Roosevelt University has been slow to add additional administrative staff to handle the government reporting and compliance requirements. As a result, the administrative staff spend an increasing percentage of their time on government related matters at the expense of other, more academically-related concerns which might have occupied their attention.

Higher education can scarcely claim an exemption from the various social laws and policies which have been enacted in recent years to promote the welfare of employees and extend benefits to students. However, the way in which the costs of such programs are handled by different types of social institutions in our society and by different kinds of colleges and universities, should be examined. It appears that independent colleges and universities are uniquely burdened by being unable to pass the costs on to their "customers," as is done in business, or to the taxpayers, as is done by the state-subsidized institutions.

It will be the difficult task of the Sloan Commission to recommend improvements in the way government programs and government regulations impact on institutions of higher education without curtailing or appearing to curtail the government's effectiveness in implementing the new social legislation. Many of the provisions of the Academic Freedom Act of 1977 (S. 1361) would help remedy problems universities have had with over-zealous officials or ill-considered regulations. Yet one wonders whether this act, sponsored by the Senator from North Carolina, wasn't motivated by an attempt to stall the implementation of civil rights and affirmative action requirements. The Commission must not create any such ambiguity in its report and recommendations.

Roosevelt University suggests that the Commission consider the following recommendations with regard to the implementation of federal regulations and guidelines. Most of these recommendations have been suggested by others in the growing literature on the subject, but they seem to make sense and

would probably be of assistance to this institution.

1. Federal agencies should more actively seek the consultation of colleges and universities and their professional associations in drafting guidelines and regulations. Publishing proposed regulations in the Federal Register is a move in the right direction, but is not sufficient. There should be a more open discussion of the issues before the guidelines are written.

2. Proposed regulations should be reviewed by Congress to ascertain whether they are in accord with Congressional intent. It is sometimes alleged that the guidelines for some programs have gone beyond the intent of the Congress in passing the law. This discrepancy, if there is one, should be eliminated.

3. Similarly, the confusing ambiguities between federal agencies where there is overlapping jurisdiction, as in the case of civil rights compliance, should be eliminated.

4. Proposed data-collection and survey instruments should be tested on-site so that the real problems experienced by colleges and universities in supplying data in the categories called for are discovered.

5. Much of the information needed by the government should be collected on a stratified random sample basis rather than from every single institution.

6. There should be graded sanctions for non-compliance with government regulations, short of the cessation of all federal funds. Limited sanctions should be available for minor deficiencies or limited non-compliance.

7. Legal safeguards should be introduced for the protection of colleges and universities from arbitrary harrassment by government officials and compliance officers. These safeguards should include the presumption of innocence as in civil law.

8. Government funds should be made available to compensate institutions for the costs of complying with federal regulations and guidelines. Assistance should be made available to remove architectural barriers for the handicapped, to improve health and safety conditions, and to reduce energy consumption. Federal money to meet some of these goals was available, at least potentially, to state supported colleges and universities in the Local Public Works Capital Development and Investment Act of 1976 (PL 94-369). However, the independent institutions were excluded from, or ruled ineligible to apply for funds under, that program. The high financial cost to independent institutions to modify and improve their facilities in conformance with national goals should be reimbursed.

9. The concept of "reporting fees" established in the veterans legislation, which provides small payments to educational institutions to reimburse them for expenses of preparing reports for the Veterans Administration should be extended to other programs and agencies for which extensive reporting is required.

10. Finally, it is suggested that the Commission, in its report on government and higher education, recommend programs that would fill the gaps that now exist in government support to America's many and diverse colleges and universities and to their students.